

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF SOUTH KENTUCKY )  
RURAL ELECTRIC COOPERATIVE CORPORATION) ) CASE NO. 8415-Q  
FOR AN ORDER AUTHORIZING A PASS- )  
THROUGH OF EAST KENTUCKY POWER WHOLE- )  
SALE POWER RATE INCREASE IN )  
CASE NO. 8400 )

O R D E R

South Kentucky Rural Electric Cooperative Corporation ("Applicant") filed its application to flow through any increase in rates granted its wholesale power supplier, East Kentucky Power Cooperative, Inc., ("East Kentucky") in Case No. 8400. Applicant is one of 18 member distribution cooperatives of East Kentucky. In Case No. 8400, East Kentucky requested an increase in revenue of approximately \$24,110,886. Of this total increase, Applicant would experience an increase in power costs of approximately \$ 2,620,294, which represents 10.9 percent of the proposed East Kentucky increase and would result in an overall increase to Applicant's consumers of 18.2 percent.

On December 18, 1981, the 18 distribution cooperatives of East Kentucky filed a motion requesting that they be permitted to deviate from the Commission's filing requirements and to flow through the increase by use of a purchased power adjustment clause promulgated by the Commission. In its order of February 3, 1982, the Commission authorized Applicant to deviate from the

filing requirements and to file certain information deemed essential to the Commission's consideration of the request to flow through any wholesale power increase received from East Kentucky.

Hearings were held on April 27 and 28, 1982, at the Commission's offices in Frankfort, Kentucky. The Consumer Protection Division of the Attorney General's Office, Charles F. Cook of Clark County, Kentucky, and Sarah A. Bowers, Mt. Hermon, Kentucky, were the intervenors of record.

It is the opinion of the Commission that the most equitable method to use in processing the increased power cost for rate-making purposes in this case is the energy adder per metered KWH sales. All of the Applicants except Clark Rural Electric Cooperative and Grayson Rural Electric Cooperative used this method. These two applications have been adjusted to this method.

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

(1) The actual increase allowed East Kentucky in Case No. 8400 is \$14,951,106 which will result in an increase in power costs to Applicant of \$1,627,512.

(2) Applicant's financial condition would be materially impaired if it were not allowed to recover the increased wholesale power costs allowed in Case No. 8400.

(3) The revised rates and charges in Appendix A are designed to reflect only the increased power costs from East Kentucky allowed in the final order in Case No. 8400.

(4) The flow-through of the wholesale power costs will not result in any additional net margin to Applicant.

(5) The most equitable method to use in processing the increased power costs for rate-making purposes is the energy adder charge, which should be used to determine the final rates in this case.

IT IS THEREFORE ORDERED that South Kentucky Rural Electric Cooperative Corporation is hereby authorized to flow through the increased power costs resulting from the rate increase granted its wholesale power supplier, East Kentucky Power Cooperative, Inc., in Case No. 8400.

IT IS FURTHER ORDERED that the rates in Appendix A shall be placed into effect on the effective date of the East Kentucky wholesale power increase.

IT IS FURTHER ORDERED that South Kentucky Rural Electric Cooperative Corporation shall, within 20 days from the date of this order, file its revised tariff sheets setting out the rates and charges approved herein.

Done at Frankfort, Kentucky, this 3rd day of June, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Voh  
Chairman

Katharine Randall  
Vice Chairman

Don Carver  
Commissioner

ATTEST:

\_\_\_\_\_  
Secretary

## APPENDIX A

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 8415-Q DATED JUNE 3, 1982.

The following rates and charges are prescribed for the customers in the area served by South Kentucky Rural Electric Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

#### SCHEDULE A RESIDENTIAL, FARM AND NON-FARM SERVICE\*

##### RATES PER MONTH:

Consumer Charge - No KWH Usage.... \$5.00

##### Energy Charge:

First 700 KWH per Month @ ..... \$ .05424  
All over 700 KWH per Month..... \$ .04797

MINIMUM CHARGE: The minimum monthly charge shall be the "Consumer Charge - No KWH Usage" as stated in Rates per Month above.

#### SCHEDULE B SMALL COMMERCIAL RATE\*

##### RATES PER MONTH:

Consumer Charge - No KWH Usage ... \$6.00

##### Energy Charge:

First 1,000 KWH per Month @..... \$ .05887  
All Over 1,000 KWH per Month @..... \$ .05380

##### MINIMUM CHARGE:

- (a) Single Phase Service shall be the Consumer Charge - No KWH Usage as stated in the Rates per Month.
- (b) Three Phase Service shall be determined by applying \$.80 per KVA of transformer capacity installed. The seller may, if it so desires, install transformer (s) of capacity larger than required but in such case the consumers minimum bill shall be based on the standard transformer size which would have been adequate for consumer's load.

SCHEDULE LP  
LARGE POWER RATE\*

RATES PER MONTH:

Consumer Charge - No KWH Usage.... \$10.00

Demand Charge:

Billing Demand per KW per Month..... 4.25

Plus Energy Charge:

First	3,500 KWH per Month @	.....	\$ .04201
Next	6,500 KWH per Month @	.....	\$ .04046
Next	140,000 KWH per Month @	.....	\$ .03747
Next	150,000 KWH per Month @	.....	\$ .03735
Over	300,000 KWH per Month @	.....	\$ .03726

MINIMUM CHARGE: The minimum monthly charge shall be the highest one of the following charges:

- (a) The Consumer Charge-No KWH Usage as stated in Rates Per Month, or
- (b) The minimum monthly charge as specified in the contract for service, or
- (c) A charge of \$.80 per KVA of required transformer capacity. The Seller may, if it so desires, install transformers of capacity larger than required, but in such case, the Consumer's minimum bill shall be based on the standard transformer size which would have been adequate for consumer's load.

SCHEDULE OPS  
OPTIONAL POWER SERVICE\*

RATES PER MONTH:

Consumer Charge - No KWH Usage ... \$10.00

Energy Charge

First	3,500 KWH per Month @	.....	\$ .06429
Next	6,500 KWH per Month @	.....	\$ .06182
Next	140,000 KWH per Month @	.....	\$ .05706
Next	150,000 KWH per Month @	.....	\$ .05687
Over	300,000 KWH per Month @	.....	\$ .05673

MINIMUM CHARGE: The minimum monthly charge shall be the highest one of the following charges:

- (a) The Consumer Charge - No KWH Usage as stated in Rates Per Month, or
- (b) The minimum monthly charge as specified in the contract for service, or
- (c) A charge of \$.80 per KVA of required transformer capacity. The Seller may, if it so desires, install transformers of capacity larger than required, but in such case, the Consumer's minimum bill shall be based on the standard transformer size which would have been adequate for consumer's load.